

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 IO-14 ISO-00 AF-10 NEA-10

RSC-01 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SPC-03 FEA-02 OMB-01 SAM-01 OIC-04 DRC-01 /247 W

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R 271832Z FEB 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 4307

INFO AMEMBASSY BERN

AMEMBASSY KINGSTON

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

C O N F I D E N T I A L GENEVA 1299

E.O. 11652: GDS

TAGS: ETRD, GATT

SUBJECT: GATT AND TRADE POLICY IMPLICATIONS OF OIL CRISIS

REF: GENEVA 1187

1. SWISS GATT REP (DUNKEL), IN HIS CAPACITY AS CHAIRMAN OF BALANCE-OF-PAYMENTS COMMITTEE AS WELL AS SWISS REP, MET INFORMALLY WITH BOP COMMITTEE REPS OF US, JAPAN AND CANADA TO EXPLORE PROPER ROLE OF BOP COMMITTEE IN DEALING WITH IMPACT OF PETROLEUM PRICES ON IMPORT BILLS OF MANY COUNTRIES. MEETING ALSO ATTENDED BY DEPUTY DIRECTOR GENERAL OF GATT, PATTERSON. AS FIRST REPORTED IN REFTTEL, DUNKEL FEARS WIDESPREAD RESORT TO IMPORT RESTRICTIONS WHICH COULD LEAD TO MANY COUNTRIES' INVOKING ARTICLE XII OR XVIII.

2. DUNKEL BELIEVES ARTICLE XII AND XVIII WILL ALLOW MANY COUNTRIES TO CITE B/P COSTS OF OIL AS LEGITIMATE REASON TO IMPOSE
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NEW RESTRICTIONS. HE QUESTIONED WHETHER GATT BOP COMMITTEE WAS

PROPER PLACE (AND PROPER LEVEL OF REPRESENTATION) FOR CPS TO FIRST COME UP AGAINST IMPLICATIONS OF OIL CRISIS ON TRADE POLICY. HE EXPLORED POSSIBILITY OF HOLDING SPECIAL SESSION OF BOP COMMITTEE TO PLACE MATTER BEFORE COUNCIL, PER ART. XII:5 BUT THEN AGREED WITH OTHERS IN MEETING THAT THIS MIGHT ENCOURAGE SOME CPS TO INVOKE XII OR SVIII EVEN MORE RAPIDLY JUST TO BE ON SAFE SIDE.

3. DUNKEL SUGGESTED REPS PRESENT SOUND OUT THEIR AUTHORITIES ABOUT USING NEXT TNC MEETING (WHICH MAY POSSIBLY BE HELD WITHIN NEXT TWO MONTHS, I.E., AFTER TNC WORKING GROUPS HAVE HELD TWO SESSIONS EACH) BOTH TO REAFFIRM DEDICATION TO MULTILATERAL TRADE NEGOTIATIONS AND TO AGREE TO HOLD THE LINE AGAINST DOMESTIC PRESSURES FOR NEW IMPORT RESTRICTIONS. DUNKEL FEELS LATTER ALREADY BUILDING, CITING NEW PRESSURES FROM SOME SWISS INDUSTRIES ON HIS OWN DEPARTMENT. HE SAID JAMAICA SEVERAL WEEKS AGO INSTITUTED IMPORT PROTECTIVE MEASURES SPURRED BY OIL IMPORT COSTS AND FEARED THIS WOULD SPREAD. HE SAID SWISS COULD FIELD JOLLES AND HOPED US REPRESENTATION COULD BE AT EBERLE OR MALMGREN LEVEL.

4. PATTERSON AGREED PRESENT SITUATION IS UNSTABLE AND SUGGESTED IT IS RISKY TO THINK ALL CPS WILL BE ABLE TO RESIST IMPORT RESTRICTIONS WHEN THEIR RESERVES DECLINE RAPIDLY OR DISAPPEAR. HE ALSO FELT GATT IMPLICATIONS OF OIL COSTS SHOULD BE ADDRESSED AT SENIOR POLICY LEVELS RATHER THAN IN BOP COMMITTEE. HE ADDED PARALLEL PREOCCUPATION OF HIS OWN TO EFFECT THAT WHILE IMPACT OF OIL PRICES ON WORLD IMPORT BILLS IS BEING ADDRESSED BY MAJOR COUNTRIES IN IMF CONTEXT, HE FELT COORDINATION BETWEEN MONETARY AND TRADE OFFICIALS IN SOME MAJOR CAPITALS WAS NOT AS CLOSE AS IT SHOULD BE AND IS THEREFORE CONCERNED THAT RECOMMENDATIONS MAY BE ADOPTED IN IMF FORUM WITHOUT FULL CONSIDERATION OF TRADE POLICY ASPECTS.

5. MISSION WOULD APPRECIATE GUIDANCE. IDEA OF HIGH-LEVEL TNC SOME TWO MONTHS FROM NOW MAY NOT MEET PROBLEM OF HOW TO COPE WITH PIECE-MEAL INVOCATIONS OF FIVE COUNTRIES SCHEDULED IN MARCH (REFTEL) MEANS WE MAY BE FACED WITH DISCUSSION OF TRADE POLICY IMPLICATIONS OF OIL CRISIS IN THAT RATHER LOW-LEVEL FORUM MORE QUICKLY THEN WOULD BE DESIRABLE. DALE

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